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USSR - WEST GERMANY: Gromyko's Comments on INF

Soviet Foreign Minister Gromyko has offered little that is new for the public record on the USSR's INF position during his current visit to Bonn. [REDACTED]

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Gromyko reiterated General Secretary Andropov's proposal to reduce Soviet missiles to a level equal to the combined total of British and French INF missile forces. He stated a willingness to limit missile systems with a range of less than 1,000 kilometers, in addition to what the Soviets call medium-range missiles. [REDACTED]

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The Foreign Minister also offered to withdraw those missiles that would be removed from the European USSR under Moscow's proposal to "beyond a line in Siberia from which they could hit targets in Western Europe." He did not, however, publicly refer to the possible destruction of SS-20s affected by Moscow's reduction offer. [REDACTED]

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Comment: The USSR's draft treaty tabled at the INF talks calls for limitations on systems with ranges of less than 1,000 kilometers following agreement on "medium-range" systems--those in excess of 1,000 kilometers--and the Soviets repeatedly have referred publicly to this proposal. Gromyko's offer to withdraw "medium-range" missiles to Siberia is a more novel element of the USSR's public diplomacy on INF. [REDACTED]

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In the negotiations, however, Moscow has proposed--as part of its plan--to ban the deployment of Soviet INF missiles in a zone from 60 to 80 degrees east longitude. This area extends considerably east of the Urals into the central USSR. [REDACTED]

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Both of these positions have been reported by the US to its NATO Allies. Nevertheless, Gromyko's public references to issues normally treated confidentially within the negotiating framework reflect Soviet hopes of putting the US on the defensive in West European public opinion, and of exploiting such opinion to modify the US stance on negotiating issues. In doing so, the Soviets would want at least to provoke a delay or to disrupt NATO's scheduled deployments. [REDACTED]

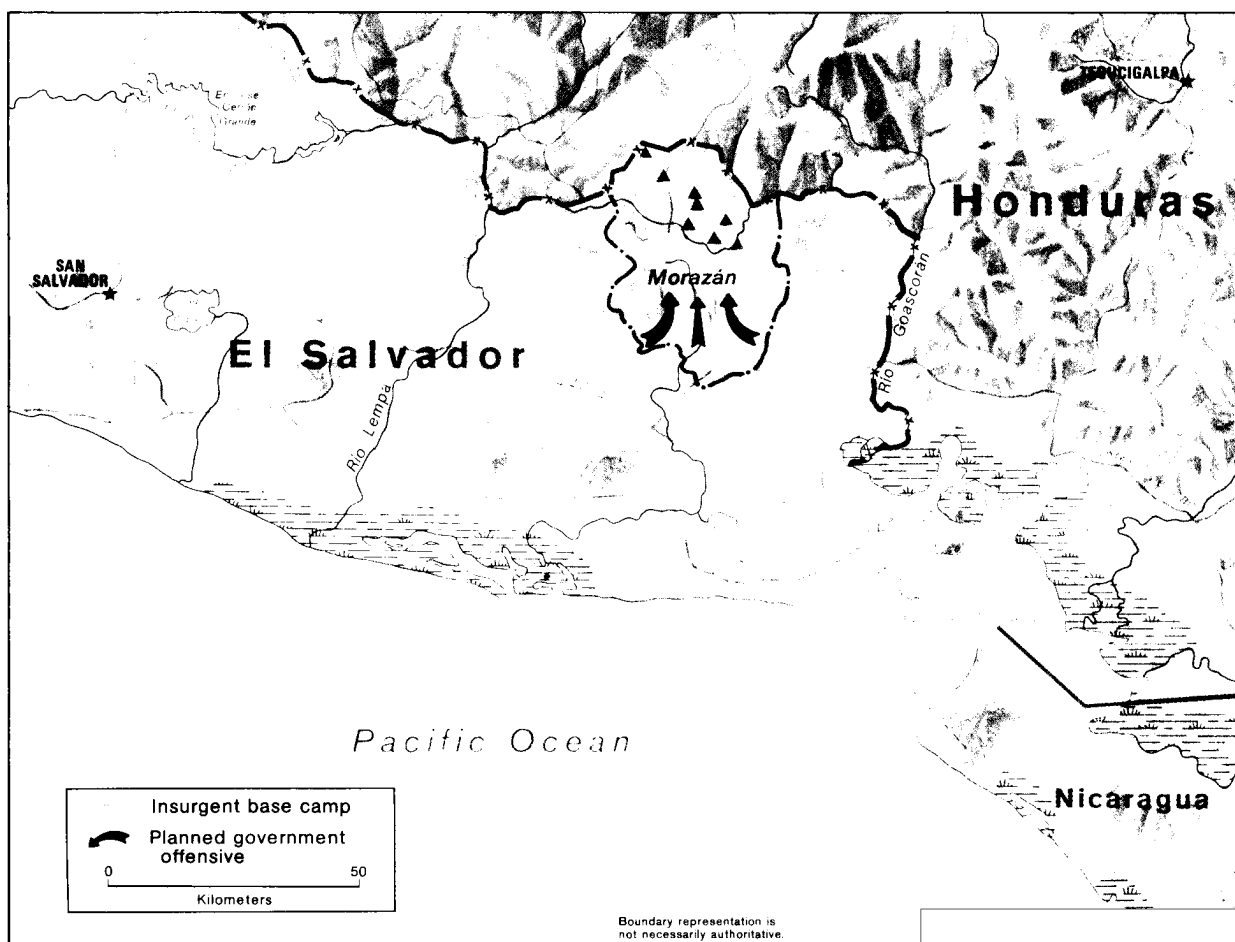
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EL SALVADOR: Government Counteroffensive

The military, in its first major campaign of the year, is preparing to move against insurgent base areas in the northeast.

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Infantry battalions trained by the US and Venezuela are among those units deployed in Morazan Department.

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Comment: The counterinsurgency operation could include as many as 2,500 troops with air and artillery support.

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The offensive recently launched by the guerrillas may have started earlier than planned to take advantage of political maneuvering in the armed forces. The government's action, however, demonstrates that political infighting has not deterred counterinsurgency operations. It also underscores San Salvador's commitment to retake lost territory and neutralize the guerrillas' campaign before it can gain momentum.

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The military should be able to dislodge the guerrillas from captured towns in the northeast, at least temporarily. The insurgents can put up strong resistance, however, and fighting is likely to be heavy.

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UK: Reactions to Inquiry on the Falklands

Prime Minister Thatcher, who appears to have escaped damaging political fallout from the inquiry on the Falklands, is likely to tighten her supervision of foreign policy and intelligence matters.

[redacted]

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Comment: The inquiry commission seems to have followed the discreet tradition of past official investigations and muted criticism of cabinet ministers while emphasizing problems in the decisionmaking apparatus.

[redacted]

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Opposition members of Parliament and some rightwing Tories, who expected greater criticism of the Foreign and Commonwealth Office and of the intelligence community, probably will attack the report's restrained conclusions, call for a Parliamentary investigation, and push for publication of portions of the inquiry that remain classified. Some Laborites are already accusing the government of leaking selected portions of the report to emphasize Thatcher's lack of culpability before public debate begins.

[redacted]

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Most Tories will be relieved that the report does little to embarrass the government, and the Prime Minister should weather easily Parliamentary debates and opposition attacks. In the future, however, even Thatcher's staunchest supporters in Parliament are likely to ask more questions about intelligence matters

[redacted]

[redacted]

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Despite the commission's mild criticism of the Foreign and Commonwealth Office, Thatcher appears to remain dissatisfied with its performance. The report recommends that the Office give up its traditional chairmanship of the principal intelligence coordination committee in favor of someone appointed by the Prime Minister and more subject to her supervision.

[redacted]

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Thatcher, who has already appointed a personal foreign policy adviser, almost certainly will follow this recommendation. Such a development would underscore her determination to take greater personal command over the intelligence community and over foreign policy in general.

[redacted]

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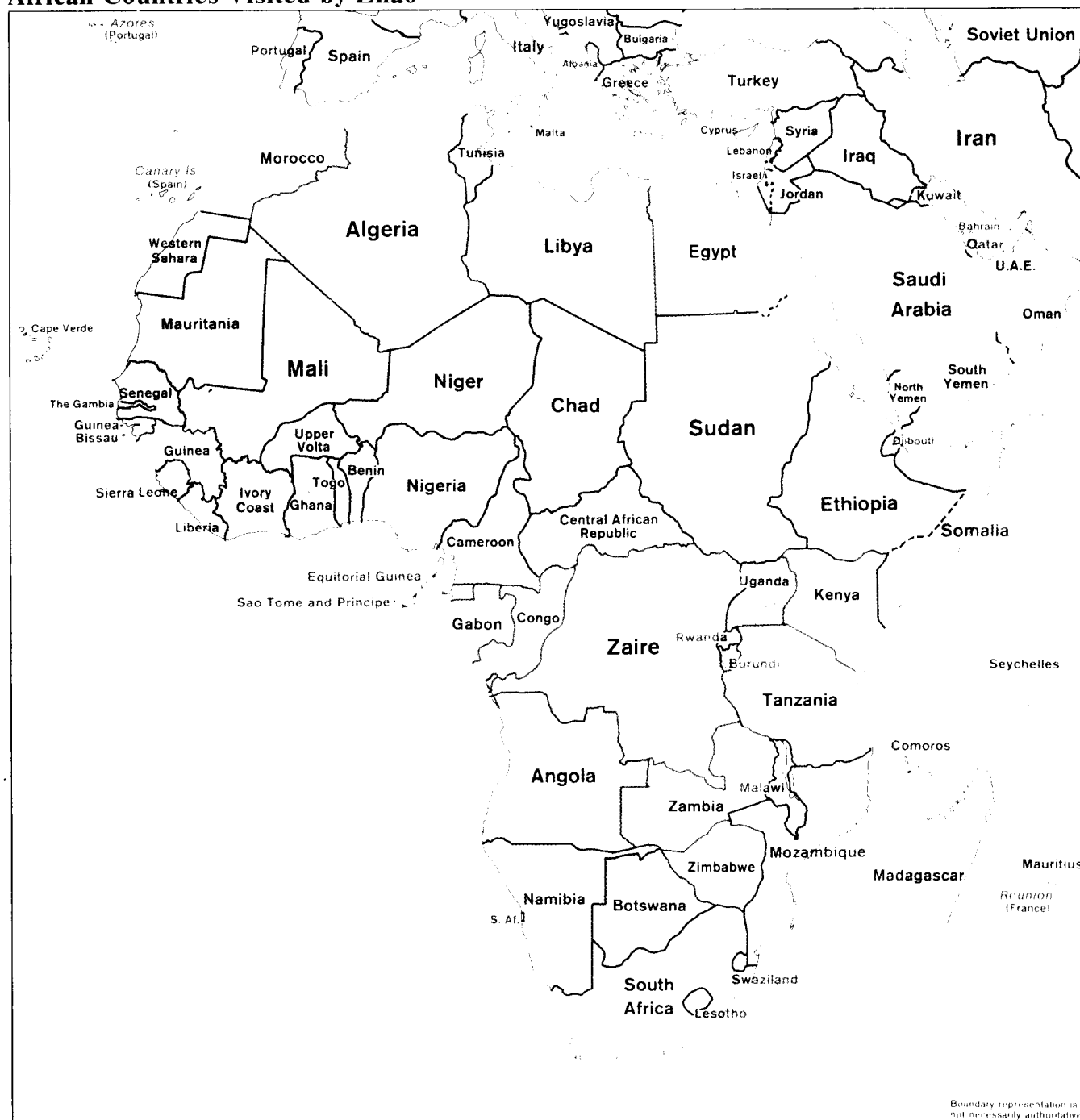
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African Countries Visited by Zhao



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CHINA-AFRICA: Results of Premier Zhao's Tour

Premier Zhao Ziyang tried to strengthen China's credentials in the Third World during his recent African tour by backing his hosts on regional political issues, but he avoided substantial new aid commitments. [redacted]

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Zhao was greeted enthusiastically in most of the 11 countries he visited, including several with ties to the USSR. His meetings with PLO chief Arafat and with leaders of the South-West Africa People's Organization, the African National Congress, and the Pan-African Congress enabled him to show Beijing's support of "liberation" movements. Zhao repeated recent low-key criticism of US policy in southern Africa and the Middle East. [redacted]

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The Premier made clear that China is interested in increasing trade, joint projects, or other mutually profitable ventures instead of providing large amounts of grant aid. [redacted]

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[redacted] Zhao also agreed to renegotiate Zaire's \$100 million debt and to fund limited construction projects in Guinea and Zimbabwe. (S NF NC OC)

Comment: The trip epitomizes China's low-cost effort to frustrate Soviet designs on the continent by offering African governments advice and diplomatic backing while avoiding association with unpopular Western initiatives. Despite Zhao's rhetorical support for the "liberation" movements, Beijing will be reluctant to become more involved in insurgencies--such as that of the Pan-African Congress--that it believes have little prospect for near-term success. [redacted]

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China also will be sensitive to the concerns of the Frontline States, which fear South African reprisals if the insurgent groups operate unchecked. Moreover, Beijing will monitor the ties of the ANC and SWAPO to their major benefactor--the USSR--before giving more than token aid. [redacted]

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UK: Problems for Opposition Parties

With an election possible this year, the Social Democratic Party - Liberal Party Alliance will be formally relaunched at a rally tomorrow, but internal differences and leadership problems will make regaining popular support difficult.

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The Alliance's support in the polls has fallen from a high in November 1981 of 44 percent to about 20 percent. Press reports indicate that the Liberal Party is unhappy that Roy Jenkins of the Social Democratic Party leads the Alliance despite the fact that he lags far behind Liberal leader Steel in personality preference polls. Many Social Democratic members claim that, in allocating election districts, the Liberals received most of those that an Alliance candidate is favored to win.

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Some of the Alliance's internal friction results from the dramatic reversal in party popularity. The Social Democratic Party, which was formed in March 1981 by a group of Labor dissidents, quickly captured the public imagination and thought of itself as the stronger of the two parties--a position it has been unable to maintain.

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Comment: The Alliance probably can demonstrate a semblance of unity, but chances of gaining more than the traditional Liberal share of the vote seem to rest more on the mistakes of the Conservatives or Laborites than on any voter attraction to its policies. The only unique stance it endorses is proportional representation, an issue that has yet to stir much popular enthusiasm.

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The Alliance also has to decide whether to seek the support of disenchanted Conservative voters. Such an action might draw away enough votes to put the Labor Party in office.

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On the other hand, the Alliance could present itself as an alternative to the increasingly radical Labor Party. Although this tactic would limit prospects for the next election, it might be a useful long-term strategy. The Alliance's best hope is to gain enough support in the next election to hold the balance of power--an unlikely prospect at this time.

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SURINAME: Exile Group Formed

The formation in the Netherlands of a "Council for the Liberation of Suriname" is likely to prompt Army commander Bouterse to crack down again on suspected opponents. The group, headed by former President Chin A Sen, intends to try to isolate Bouterse politically and economically.

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Comment: The former President's efforts to unify the exiles have been hampered somewhat by his earlier association with the revolutionary government. Bouterse probably will jail suspected sympathizers. Another round of summary executions is unlikely, however, unless Bouterse believes he is in serious trouble.

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INTERNATIONAL: IMF Emergency Funds Multiplied

Finance ministers and central bankers representing the 10 most industrialized Western nations yesterday agreed to increase promptly IMF lending resources from \$7.1 billion to about \$19 billion. They agreed to allow all IMF member countries to borrow funds formerly reserved for the Group of 10. The funds are controlled under the IMF's General Agreements To Borrow. In a communique released after the meeting, ministers from the Group of 10 also called for a substantial increase in contributions from other IMF members. [REDACTED]

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Comment: The announcement of the move before the regularly scheduled IMF meeting in February apparently is intended to increase borrower confidence in the international lending system and to encourage Western banks to continue lending to countries that are badly short of liquid funds. The emergency funds now available will provide additional finances to the IMF when its regular resources near exhaustion. The Fund's Interim Committee is to meet in Washington next month, and members of the Group of 10 hope it will raise total Fund resources to about \$120 billion. [REDACTED]

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MEXICO: Cabinet Reorganization

President de la Madrid has reorganized several ministries and created the cabinet post of Comptroller General to reduce inefficiency and abuses by officials. The new Ministry of Energy, Mines, and Parastatal Industry will administer state-owned enterprises, including the state oil monopoly, Pemex. The new Comptroller General, Francisco Rojas Gutierrez, who was de la Madrid's campaign treasurer during the election campaign, will be charged with monitoring government spending and preventing misappropriation of funds. [REDACTED]

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Comment: New jurisdictional disputes will cause problems for the reorganized government. Rojas will have difficulty persuading the ministries to cut federal programs and employment to meet budget targets set by the IMF. De la Madrid will face increasing demands to raise spending limits, especially if inflation exceeds the 50-percent rate his administration has projected for this year, as seems likely. [REDACTED]

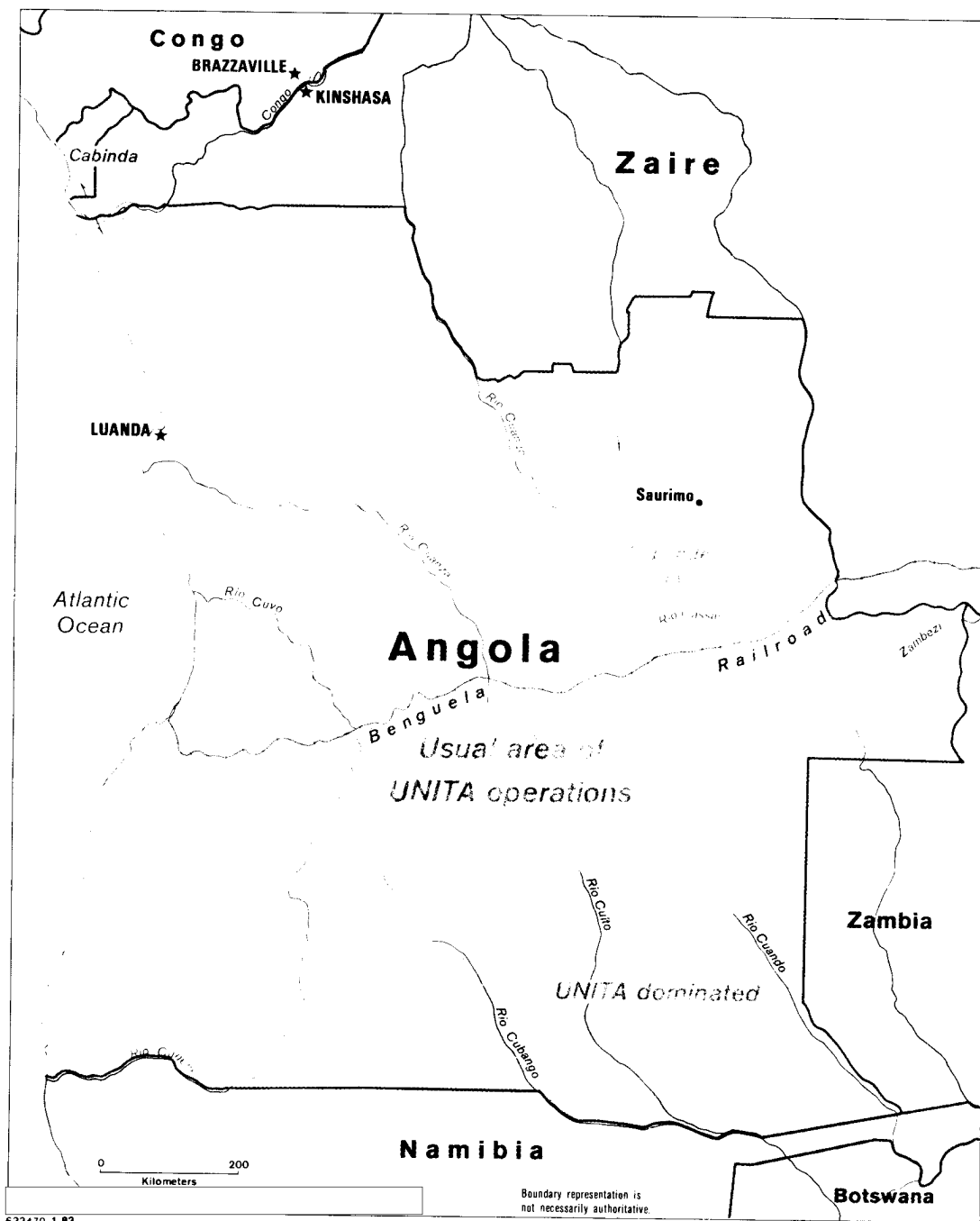
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ANGOLA: Rebels Pushing North

The intensification of attacks by UNITA insurgents in central Angola is part of a larger operation that also includes a drive into the northeast.

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Comment: If the South African - backed insurgents continue to intensify their operations near Zaire, Angolan officials may conclude that Kinshasa--with US support--is helping UNITA. Such a belief would buttress the arguments of Soviet- and Cuban-backed hardliners, who want President dos Santos to take a harder line in negotiations with the US and South Africa on Namibia. The militants appear to have lost some of their leverage in the ruling party as a result of recent purges, but they probably still can block a breakthrough on Namibia or a reconciliation with UNITA.

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HONDURAS-US: Combined Military Exercise Planned

The Honduran-US military exercise scheduled to take place from 1 to 6 February will heighten Nicaraguan concern over US intentions. The maneuvers, originally scheduled for last month, will take place in eastern Honduras near the Nicaraguan border. The exercise will involve about 4,000 Honduran troops and a US contingent of 1,600. Military observers from other countries, including Nicaragua, have been invited.

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Comment: The Hondurans are likely to view the exercise as a sign of Washington's support and as an opportunity to stress their need for more US military aid. The Sandinistas probably will take the opportunity--as they did before the maneuvers were postponed last year--to portray the US and Honduras as trying to undermine Nicaragua. The Cubans also are likely to denounce the exercise, and if the Soviet naval task group visiting Cuba remains in the Caribbean, it will be available to monitor US naval movements.

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Special Analysis

USSR: Efforts To Increase Discipline

A drive to strengthen labor and executive discipline and to counter corruption has become a central focus of the new leadership's domestic policy. The pressure on both workers and managers to improve their performance may result in some marginal increase in economic productivity. Skillful exploitation of the anticorruption issue also may strengthen General Secretary Andropov's political hand, although indiscriminate use of the campaign could backfire. [redacted]

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To stimulate higher worker productivity, Andropov has been relying less on material rewards than on punishment. In November he stressed to the Central Committee that "shoddy, ineffective, and irresponsible labor" would unavoidably have an immediate effect on a worker's "earnings, official status, and moral prestige." [redacted]

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Officials in Moscow repeated the message at a meeting last month on the subject of worker discipline, urging dismissal of workers guilty of alcoholism, tardiness, or theft from factories. Calls for greater labor discipline are not new, but the regime is reinforcing the threat of punitive action against loafers. [redacted]

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Officials Under Fire

The campaign also extends to managers and other officials. Last month a top legal official emphasized at a public lecture that managers who did not enforce penalties for illegal behavior by workers were themselves liable to prosecution. [redacted]

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This month an authoritative lead editorial in the party theoretical journal stated that some "bribe-takers, embezzlers, money-grubbers, parasites, and careerists" had penetrated party ranks, and it called for their removal. In addition, *Izvestiya* has announced the adoption of state decrees increasing fines and sentences for those convicted of financial crimes. It also has carried an article accusing officials in the Ministry of Internal Affairs of covering up such crimes. [redacted]

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The accusations in the media have been accompanied by reprisals against culpable officials. [redacted]

[redacted]

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Major Personnel Changes

Last month Andropov took the important step of firing one of Brezhnev's appointees, Minister of Internal Affairs Shchelokov, whose ministry has been riddled with corruption. [redacted]

[redacted]

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The inefficient and corrupt transport industry evidently is a major target of the discipline campaign. The Minister of Railways was fired shortly after Brezhnev's death, and there is a rumor that Minister of Civil Aviation Bugayev has been ousted. [redacted]

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Personnel appointments since Brezhnev's death also indicate that Andropov places a high priority on restoring executive responsibility and propriety. Former KGB professional Geydar Aliyev, who was promoted to Politburo member and First Deputy Premier in November, reportedly carried out a campaign against corruption in his previous capacity as head of the party in Azerbaydzhan, and last year he wrote a caustic article in a Moscow newspaper calling for disciplinary action against wayward officials. The appointment of another KGB official, Vitaliy Fedorchuk, to replace Shchelokov at the Ministry of Internal Affairs presages a housecleaning there. [redacted]

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Implications

The campaign to strengthen discipline appears largely to be a reaction to the lax policies of the Brezhnev era. Under Brezhnev, even unproductive workers were virtually

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guaranteed jobs, and corrupt and incompetent party workers were treated indulgently. A need to rectify this situation probably accounted in part for the political rise of Andropov, who is widely regarded as a "clean" and decisive leader. [redacted]

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The regime, in combining the drive to strengthen labor discipline with a campaign against official corruption, may hope to lend credibility to the crackdown on crime and "antisocial" behavior on the part of ordinary workers. It also may hope to provide scapegoats for shortages of consumer goods and other economic dislocations. Moreover, removal of officials on grounds of corruption could enable Andropov to expand his power base. [redacted]

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There are political risks, however, in pushing the anticorruption campaign too far. Although young party workers who were frustrated by the slow rate of promotions during the Brezhnev years may welcome a change, the fear of a purge reportedly impelled many regional officials to oppose Andropov's succession. [redacted]

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Any wholesale drive to purify the party would provoke further resistance. In the Politburo itself, leaders who feel threatened could join forces against Andropov. [redacted]

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There are also major economic impediments to the discipline program. Current and projected labor shortages, for example, will constrain the regime's efforts to improve labor productivity. [redacted]

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Wasteful and illegal practices are so pervasive that it will be difficult for the regime to do more than eliminate the most blatant abuses. Punitive measures against the worst offenders may help, but they cannot substitute for economic reforms to remedy fundamental structural problems. [redacted]

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